

TOKYO GAZETTE

A MONTHLY REPORT OF CURRENT POLICIES,
OFFICIAL STATEMENTS AND STATISTICS

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The material in the TOKYO GAZETTE is selected mainly from the *Weekly Report*, edited by the same Bureau. The accuracy and comprehensiveness of data presented in the *Report* are fully established. For the benefit of students of Japanese affairs, the TOKYO GAZETTE is endeavouring to maintain these qualities in the hope that its publication will eliminate unfortunate misunderstandings and thus contribute to world peace and international goodwill.

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SOVIET OPPRESSION AGAINST JAPANESE RIGHTS AND INTERESTS

BUREAU OF INFORMATION, DEPARTMENT OF FOREIGN AFFAIRS

OPPRESSIVE measures by the Soviet Government against Japanese oil and coal rights in North Saghalien were instituted following the conclusion of the Japanese-German Anti-Comintern Agreement in 1936. They have been intensified year after year, to the extent that the Japanese concerns engaged in developing those resources have been confronted with extreme difficulties in carrying on their enterprises. Since 1937, operations have been rendered almost impossible for the North Saghalien Mining Company, while the North Saghalien Petroleum Company has been compelled to reduce its undertakings drastically. Recent instances of the unwarranted pressure exerted by the Soviet authorities are cited below.

Hampering Employment of Workers

Under the provisions of the convention concerning Japanese rights and interests, both the mining and petroleum companies are obliged to engage Soviet workers in a stipulated ratio, while it is incumbent upon the Soviet Government to furnish these employees in compliance with the needs of the companies. For the past few years, the Soviet authorities have been violating this point by unreasonably hindering the employment of Soviet workers, thereby restricting the operations of, and causing heavy losses to, the two companies. They have gone so far as to completely withhold cooperation, making it impossible for the concerns to continue their business activities. This year, at the request of the Soviet authorities concerned, the Japanese enterprises applied to them before February for the employment of workers required for their summer operations (900 men for coal mining and 2,050 for the oil fields), and at the same time sought permission to import workers from Japan (400 miners and 861 oil workers). Though the season for navigation was at hand and the time for the companies' activities drew near, the Soviet authorities, in utter disregard of their treaty obligations, would neither furnish a single Russian operative nor give permission for the entrance of Japanese workers. Not only have the oppressed concerns repeatedly protested against these injustices, but the

Japanese Government, through its Ambassador at Moscow, has filed strong representations with the Soviet Government, demanding the speedy fulfilment of its obligations. But the Soviet Government refuses to comply.

Interference with Import of Materials and Unfair Judicial Decisions

The convention defining the Japanese rights and interests stipulates that the Japanese employers provide their workmen with food, clothing and other necessities, by reason of which they are entitled to import such commodities from Japan. In recent years, however, the Soviets have caused extreme inconvenience to the Japanese enterprises by restricting the import of such necessities as well as materials and equipment needed for operation. Of the total materials required for the current year, the Soviet authorities have granted permission for the import of only 30 per cent. The illegal import restrictions naturally have caused a shortage of supplies among the workers. Ignoring these circumstances, Soviet trade unions have instituted lawsuits against the companies, demanding enormous reparations for the failure to supply materials as required by the convention. The two following cases, now pending, will illustrate the nature of the harsh oppression exerted by the Soviet Government and other agencies in collusion with it.

(1) Alleging that the failure of the North Saghalien Mining Company to provide its workers with necessary commodities from September, 1937, to August, 1938, represented a breach of the collective labour contract, the Soviet Coal Miners' Union started legal action last May for the collection of reparations amounting to the exorbitant sum of 380,000 roubles. The court at once took up the suit and on May 30 ordered the company to pay the union 400,000 roubles, including judicial costs. An appeal was taken against this decision, but to no avail.

The company had been forced to discontinue the supply of commodities by unjust interference on the part of the Soviet authorities, who had unreasonably restricted their import, had caused the already imported commodities to be shipped back to Japan, and had ordered the retail prices of those remaining to be lowered to less than one-sixth of the cost prices. The coal miners' union disregarded these circumstances, and, on the strength of the collective labour contract, demanded reparations which were most inaccurately and unreasonably calculated, including among the claimants Japanese workers who did not desire reparation or who

already had returned to Japan, as well as Soviet operatives who had left the company long before and whose whereabouts were unknown. The attitude of the court toward the case was also most unfair; it took up the union's claims at once without correcting the obvious errors in calculation or allowing the company to state its side of the case. When the company entered its appeal, the higher court rejected it after a hearing lasting only one hour and ordered payment of the enormous reparations.

(2.) Almost simultaneously with the above case, the Oilfield Workers Union at Oha brought suit against the North Saghalien Petroleum Company for reparations amounting to more than 260,000 roubles, on the ground that the company had failed to supply its workers properly during December and January. The hearing took place on June 23 and just as in the above mentioned case an unfair decision was handed down by the court, ordering the company to pay 300,000 roubles to the complainants. The company is now appealing to a higher court. The deficiency in the supply had been brought about last autumn when the Soviet authorities refused to grant permission for the import of commodities necessary to last out the winter, which runs for eight months, during which period all communication is suspended.

Restrictions on Japanese Shipping

By virtue of the convention guaranteeing Japanese rights and interests, the North Saghalien Petroleum Company is entitled to send supply steamers to places where their undertakings are carried on. The Soviet authorities, with no good reason, have withheld permission for these vessels to call at any port except Oha. This not only is a serious infringement on the treaty rights but a most inhuman act, affecting the lives of workers.

Unwarranted Demands with regard to Renewal of the Collective Labour Contract

The collective labour contract between the petroleum company and the Oilfield Workers' Union, which defines working conditions for the operatives, is effective for one year and is renewed annually. Last year, when it expired in May, the union proposed to hold negotiations for its renewal at Moscow. The Soviet Government, however, refused for months to visé the passports of the two Japanese representatives to be dispatched by the company to Moscow, while the union itself deferred the opening of the negotiations

on some pretext or another. It was not until November 14 that the negotiations could be commenced. But the union submitted preposterous demands, including wage increases of 40 per cent, modification of the workers' service regulations in such a way as to encourage laziness, and provision for a large dining hall, kindergarten, nursery, shoe shop, sewing-room, pigpens and chicken coops for the workers, in addition to existing equipment. The union insisted on the fulfilment of these demands by December 1. In May, the Soviet authorities forced one of the company's representatives to leave Moscow, and, on the pretext that the contract still was pending, withheld permission for the employment of workmen outside the collective labour contract, and also for the import of necessary commodities and the navigation of Japanese supply ships. The wage increase has been demanded repeatedly, with threats and coercion, and although the workers had been raised by 15 per cent at the previous renewal of the contract, the company agreed to increase them at the same rate again. It also acceded to other demands at a great sacrifice. Despite these concessions, the union is persistently demanding that the company grant all of its demands, some of which are impracticable, and the negotiations, after 10 months, have not yet been concluded.¹

Coercion to Dispose of Explosives

Dynamite and percussion-caps are materials which are indispensable to coal-mining. Last January, the Soviet authorities gave the North Saghalien Mining Company strict orders to dispose of 11 tons of explosives, all that the company had in store, holding that they no longer were safe, inasmuch as they were old stock. Despite arguments to the contrary, the company was forced to cast them away. As the importation of explosives and percussion-caps from Japan is not permitted, the company must order them from Moscow, and it takes at least six months for them to reach Saghalien. Therefore, although the term of safety for explosives is from six to nine months according to the regulations, this matter had never been called in question, for the strict application of the regulations would render the use of explosives in Saghalien absolutely impossible. Similar explosives from Moscow are in use at the Soviet coal mines in Saghalien.

The above facts are sufficient to show that both the petroleum and mining companies are being forced into a position in which it

¹An agreement on the labour contract was concluded at Moscow on August 11. The fact remains, however, that the outstanding problems are far from being solved.

is impossible to continue business, and legitimate Japanese rights and interests are now on the brink of ruin. The injustices and outrages on the part of the Soviet Government and labour organizations cannot but be regarded as designed to compel Japan to abandon her concessions in North Saghalien. The attitude of the Soviet Government is decidedly against the provisions not only of the convention concerning Japanese rights and interests, but the Japanese-Soviet Basic Treaty as well. Since those rights and interests represent the great sacrifice of Japanese lives in the Nikolaievsk Incident, the Japanese Government no longer can allow them to be subjected to unreasonable oppression. In spite of the repeated protests and warnings, the Soviet authorities thus far have shown no signs of relenting. Consequently, the Japanese Government has instructed its Ambassador at Moscow to file a vigorous protest and demand rectification of the unjust and stubborn Soviet attitude.

INSTITUTE OF PUBLIC HEALTH

DEPARTMENT OF WELFARE

THE Institute of Public Health was established by the Government in 1938 for the purpose of training health officers and for conducting research work relating to national health problems. Since such institutions play an important part in the enhancement of the health and welfare of a nation, many other progressive countries had established them as early as 20 years ago.

In Japan, too, the thinking public long had advocated the establishment of such an institution for the improvement of national health, which was by no means satisfactory by the standards of the civilized nations of the world. It was fortunate, therefore, that almost simultaneously with the creation of the Department of Welfare, the construction of the building to house the Institute of Public Health was completed in the early spring of 1938, and was opened at the end of March of the same year upon the promulgation of the Imperial Ordinance relating to the organization of the Institute.

The building was erected in the same compound as the Institute of Infectious Diseases, at Shirogane-daimachi, Shiba, Tokyo, and is situated adjacent to the latter institution.

It is of the modern Gothic style; has five stories above ground and two below, with a three-storey tower, and has a floor space of 4,500 *tsubo*.¹ The fund for construction was donated to the Japanese Government by the Rockefeller Foundation, established for the enhancement of the welfare of humanity, which formerly had donated 4,000,000 yen for the reconstruction of the Tokyo Imperial University Library. Including the expenses for the establishment of the urban and rural health centres, which are attached to this Institute, the Foundation's financial aid exceeds 3,500,000 yen.

Organization of the Institute

The Institute consists of the Research and Educational Divisions, the former comprising the following eight departments:

1. *Department of Physiological Hygiene*

In this department, external influences such as temperature,

¹A Japanese land measure equivalent to 3,95383 square yards.

humidity, air current and pressure, heating and cooling, ventilation, smoke and dust, clothing, lighting, sound, and other factors are investigated with relation to their effect upon human physiology, development, and physical strength along with measures to counteract their adverse effects. Physiological and psychological studies of physical exercise and labour, the measurement of working capacity and the method for its betterment also form the objects of research in this department.

2. *Department of Vital Statistics*

This department is concerned with the science and practice of vital statistics as giving standards for appraisal of, and rational direction to, various health activities. Eugenics and racial hygiene also are studied here. With regard to the population problem, which requires the collaboration of all the departments, the main researches centre in this branch.

3. *Department of Epidemiology*

Researches in the principles relating to the outbreak, spread and decline of acute and chronic infectious diseases and other maladies occurring in epidemics, as well as studies of the methods for prevention of such diseases, based upon the results of the aforementioned researches, are conducted in this department.

4. *Department of Hygienic Veterinary Medicine*

In this department are studied the symptoms, diagnosis, prevention and treatment of those infectious diseases prevalent among domestic animals, to which humans are susceptible, such as tuberculosis, undulant fever, glanders, rabies, and others. It also is concerned with the hygiene of meat, milk and dairy products, as well as the hygienic equipment of abattoirs and milk-shops, and the methods of biological inspection of dairy products and meat.

5. *Department of Child Hygiene*

This department studies the hygiene of infants, pre-school and school children, with regard to their disposition, physiological and mental development, nutrition, disease prevention, and the maintenance and betterment of health. Since the health of children is influenced much by the physical and mental conditions of their mothers during pregnancy, the study of child hygiene is extended to take in maternal hygiene.

6. *Department of Industrial Hygiene*

This department takes up occupational diseases, health facilities and hospitals in factories. It also conducts vocational guidance.

7. *Department of Building Sanitation*

This department performs hygienic studies in connection with building and city planning.

8. *Department of Sanitary Engineering*

Here hygienic studies concerning water-supply, sewerage, garbage disposal, burial and cremation are made.

In addition to these, such departments as bacteriology, serology, parasitology, protozoology, entomology and dietetics are found in the institutes or schools of public health in other countries. Since, however, there already exist in Japan research institutes for infectious diseases, dietetics and drugs, the Japanese Institute does not make provisions for such studies; instead, it concentrates on the acquisition of necessary research facilities in the eight departments mentioned above, so as to overcome deficiencies in those branches of study arising out of the lack of research facilities in the country. Thus, the Institute is provided with research laboratories for the study of air conditioning, acoustics, climatology, physique, vocational guidance, vital statistics, racial hygiene, the population problem, epidemiology, school hygiene, occupational diseases, chemistry, biology, waterworks, sewerage, and building sanitation.

In the Educational Division, the matters studied not only by the eight departments but by the Institutes of Infectious Diseases, of Dietetics, and of Hygienics, and those coming under the jurisdiction of the Department of Welfare or other related Government offices are taught in collaboration with such institutions or administrative agencies. The Institute accordingly is provided with student laboratories, such as for bacteriological, pharmaceutical works, for the purpose of class work conducted in cooperation with outsiders.

Moreover, the institute controls urban and rural health training areas in collaboration with the Municipality of Tokyo and Saitama Prefecture. The urban health training centre is directly concerned with the welfare of the 150,000 people in Kyobashi-ku, and the rural health training centre devotes its attention to the population of 130,000 in 31 towns and villages in the perimeter of the town of Tokorozawa. These two training centres were established for the purpose of facilitating the work of students of the Educational

Division in the field of preventive medicine, just as medical schools have hospitals attached for practising curative medicine. The urban health centre mentioned above is situated in Akashi-cho, Kyobashi-ku, Tokyo, and the rural centre at Tokorozawa, Saitama.

Outline of the Activities of the Institute

Research laboratories of the Institute study, in principle, all problems in connection with national health. However, leaving such problems as can be investigated by the small-staffed departments of hygiene of individual universities to these institutions, they concentrate their endeavours on the problems that can be solved only through the synthetic investigations of the eight departments and on those that hitherto have been neglected by other hygienic research institutions. This Institute, therefore, has taken up for systematic study such problems as physical strength of the nation, populations as viewed from the standpoint of natural science, influence of the current emergency upon national life, and hygiene as it relates to emigration.

The Educational Division provides regular courses of study and various short courses. In the former, regular education is given to those who are planning to become health officers, as well as to those who already are in health services. The Japanese health agencies have three special groups of health officers, namely physicians, pharmacists, and veterinarians. For the instruction of these specialists, the Institute has scheduled the following courses in the medical, pharmaceutical and veterinary departments of the Educational Division :

1. *Medical Department Courses :*

The first term—from April 15 to August 31.

Vital statistics, bacteriology, serology, parasitology, epidemiology, hygienic veterinary science, inspection of food and drugs, and child hygiene.

Field training—from July 21 to August 31.

The second term—from September 1 to November 15.

Sanitary engineering, building sanitation, physiological hygiene, industrial hygiene, dietetics and physical culture.

The third term—from November 16 to March 15.

Public health administration.

Field training—from February 1 to March 15.

2. *Pharmaceutical Department Courses :*

The first term—from April 15 to June 30.

Drug control, pharmacopoeia, pharmaceuticals, botanical chemistry, new medicine, analytics, visceral chemistry, pharmacology, toxicology, and related subjects.

The second term—from July 1 to September 30.

Food control, food chemistry, dietetics, hormone chemistry, chemistry of beverage, chemistry of water and sewerage, forensic chemistry, microbiology, disinfection, science of hot springs, chemistry concerning air defence (counteraction of poison gas, incendiary bombs etc.), physical chemistry.

The third term—from October 1 to December 31.

Public health administration, physiological hygiene, building sanitation, sanitary engineering, vital statistics.

The fourth term—from January 1 to March 15.

Field training.

3. *Veterinary Department Courses*—from September 1 to December 15.

Public health administration, dietetics, hygienic chemistry, dairy science, meat inspection, epidemiology and building sanitation.
Field training.

The number of persons admitted and the length of training in each department are as follows :

Medical Department—50 persons for one year.

Pharmaceutical Department—20 persons for one year.

Veterinary Department—25 persons for four months.

The qualifications for candidates seeking admission to the Institute are as follows: for the Medical Department, only graduates of university medical schools (equivalent to M. D. students); for the Pharmaceutical and Veterinary Departments, only professional school graduates (equivalent to B. S. students) or those who have passed the selection of the faculty board. Health officers from other countries, who are recommended by their respective governments and who have been passed by the faculty board, and also have obtained the sanction of the Minister of Welfare, may be admitted as "foreign students." Moreover, those who wish to choose special subjects from each course may be admitted as special students by the permission of the faculty. Those who wish to study special problems also may be admitted, with the approval of the faculty, as research students. Besides these, the Institute offers various short courses, including courses for dieticians and for the staffs of the health centres, such as directors, staff health officers, health inspectors, and public health nurses.

These regular, special, and research students are not obliged to

pay tuition fees. Dormitory facilities to accommodate 34 persons are provided by the Institute, and meals are available in the dining hall at actual cost.

The Institute's budget for 1939 is approximately 350,000 yen. It provides for the employment of seven professors, nine assistant professors, two technical experts, an administrative official, 20 assistants, four assistant technical experts and four clerks.

For Wider Usefulness

Japan is now engaged in the performance of a task of unprecedented importance and magnitude—the task of establishing a New Order in East Asia—for the purpose of contributing to peace and prosperity not only in that area, but in the entire world as well. For that lofty ideal, needless to say, all constructive forces, particularly human resources, must be mobilized. At this momentous juncture, the inauguration of the activities of the institute, dedicated to human happiness in terms of physical health, is most timely. It is the earnest desire of its supervisory authorities that the Institute should grow to perfection as to the size and quality of its personnel, as well as in material equipment, so as to render broader services for human health and happiness, beginning with Japan and the whole of East Asia. This, in consequence, will repay the generosity of the donor of the fund.

GROWTH OF POSTAL SAVINGS DEPOSITS

(PREPARED BY THE CABINET INFORMATION BUREAU FROM THE LATEST
REPORT OF THE SAVINGS DEPOSIT BUREAU.)

A RED letter day in Japan was July 11, 1939, when postal savings deposits passed the 5,000,000,000 yen mark.

It was in May, 1875, that the Postal Savings Deposits System was established, under an Imperial Ordinance promulgated in August, 1874. The pyramid of 5,000,000,000 yen finally has been built up with the money saved by the toiling people during the past 64 years.

The amount of postal savings on deposit at the time of the Russo-Japanese war (1904-1905) was but 30,000,000 yen, and it was the earnest desire of those in charge of the undertaking to attain the goal of 100,000,000 yen for postal savings.

It took 48 years to pass the 1,000,000,000 yen mark, which was achieved in 1923. Seven years later, the amount exceeded 2,000,000,000 yen. Another five years passed and it reached 3,000,000,000 yen in 1935. By the end of 1938, three years later, the 4,000,000,000 yen mark was reached. The 5,000,000,000 yen goal was attained only six months later.

Two years have elapsed since the beginning of the China Affair and Japan is determined to bear the burden for the attainment of its ultimate purpose.

The aim of the Government for the 1939-1940 fiscal year is to build up national savings to a total of 10,000,000,000 yen, of which 6,000,000,000 yen is to be diverted to the absorption of public loans and 4,000,000,000 yen will be used for capitalization in the program for the expansion of productive power in Japan, Manchoukuo and China. It is essential that this amount be available by the end of March, 1940, and it must be set aside through the combined efforts of the Government and the people. The first three months of the fiscal year witnessed an increase of 330,000,000 yen in postal savings deposits. If the rate of increase is maintained to the end of the present fiscal year, March 31, 1940, the nation will go over the top with plenty to spare, attaining the aim toward which the authorities are directing all their efforts.

During the last fiscal year, postal savings increased by 815,000,000 over the previous fiscal year. This increasing tendency has continued during the current fiscal year, total savings reaching 4,800,000,000

yen in May and 4,900,000,000 yen in June. In particular, the increase in the 10,000,000,000 yen savings campaign week was most conspicuous, thus attaining to the 5,000,000,000 yen mark on July 11. It was on July 8, 1938, that the amount of postal savings passed the mark of 4,000,000,000 yen level. The accumulation of the additional 1,000,000,000 in just three days short of a year is shown in the table below :

INCREASE OF POSTAL SAVINGS DEPOSITS IN THE
PAST TWO YEARS

At the end of	Depositors	Index numbers	Amount in yen	Index number
July, 1937	51,522,249	100	3,576,445,129	100
December	52,870,697	103	3,685,691,979	103
June, 1938	56,746,436	110	3,982,708,685	111
December	71,783,277	139	4,374,838,002	122
January, 1939	72,780,926	141	4,523,035,712	126
February	73,539,787	143	4,563,556,883	128
March	74,039,274	144	4,613,971,754	129
April	74,788,895	145	4,670,244,687	131
May	76,291,953	148	4,846,757,441	136
June	77,217,277	150	4,943,779,740	138
July (11th)	77,737,659	151	5,001,088,759	140

It goes without saying that the purpose of postal savings primarily is for stabilization of the economic life of depositors. At the same time, however, the money constitutes an important part of the resources of the Treasury Deposit Bureau, and is utilized, by law, solely for investment in national and public enterprises. Under the current emergency, it is used especially for absorbing national loans. The mass of the people thus are taking part, with their savings in post offices, in the work of carrying out current national financial and economic policies.

CALLING CIVILIANS TO NATIONAL SERVICES

DEPARTMENT OF WELFARE

WITH its outline being agreed upon at a session of the National General Mobilization Council on June 14, the Ordinance for Calling Civilians to National Services, as recommended by the council, was approved by the Cabinet on July 4 and promulgated on July 8, coming into force on the 15th of the same month. This system has been created in accordance with Article 4 of the National General Mobilization Law, which reads as follows:

"In time of war, when national general mobilization is found necessary, the Government may through an Imperial Ordinance draft subjects of the Empire and cause them to be engaged in general mobilization enterprises. Application of the Military Service Law, however, is not to be interfered with."

This Article is not a new one, incidentally, since it merely supersedes the Munitions Industry Mobilization Law of 1918, which empowered the Government to draft subjects, both in or out of military service, to engage in enterprises run or controlled by the State. The old law attracted little public attention, since the situation prevailing at that time was not such as to require civilian mobilization for State enterprises. When the draft of the National General Mobilization Law was introduced in the Diet in 1937, however, Article 4 evoked lively discussion, which was revived later when the present Imperial Ordinance was enacted.

Why Mobilization is Necessary

Since the outbreak of the Sino-Japanese hostilities, there has been an ever-increasing demand for labour to ensure the adequate manufacture of munitions and to fill the needs for expanded productive capacity. These and equally urgent wartime factors have made it increasingly difficult to secure sufficient labour power. The present situation is in distinct contrast to that prevailing at the outset of the China Affair, when there were two men available for every job. The shortage is especially acute where technicians and skilled workers are concerned. When the fact is taken into consideration that this state of affairs persists despite the best efforts of authorities to satisfy the demand of the munitions industry by giving the fullest scope to the capacity of the employment bureaux, it is obvious that

the usual method of satisfying labour requirements, on the basis of voluntary will, no longer suffices. This situation has led to the invocation of Article 4 of the Law in recognition of the fact that the demand for labour also is highly important in the completion of an efficient wartime system, providing as it does the nucleus of the so-called people's mobilization.

Conditions of Enforcement

Calls to national services will be made only when sufficient labour cannot be obtained through the employment bureaus and other usual recruiting agencies. The primary principle of seeking the required volume of labour through voluntary will is essentially unchanged. Compulsion will be employed only as a last resort. It is to be noted that the drafting of labour is limited to cases in which man power necessary for the execution by the State of national general mobilization enterprises otherwise is unobtainable.

Classification of Persons Subject to Call

Only those coming within the purview of the Ordinance Concerning Declaration of Vocational Abilities of the People will be subject to call. It is limited to this condition by reason of the fact that the People's Registration is a system presupposing the call of the people to national services, embracing in its scope all those whose services may be required under provisions of the new Ordinance. Moreover, were it not for the People's Registration, smooth and exact execution of mobilization would be extremely difficult, owing to the lack of records regarding the qualifications and abilities of potential labour conscripts.

Those who come within the purview of the People's Registration are classified under Article 2 of the Ordinance concerning Declaration of Vocational Abilities of the People as follows :

1. Males who reside in Japan Proper, Chosen (Korea), Taiwan (Formosa), Karafuto (Japanese Saghalien) and the South Sea Islands.
2. Males between the ages of 15 and 50 years.
3. All persons in the above-mentioned categories who are possessed of the following qualifications :
 - (a) Those who have pursued vocations designated by the Minister of Welfare for more than three consecutive months in a district in which this Ordinance is enforced.
 - (b) Those who have pursued such vocations for more than 12 months, without intermission, at some time within the past five years.

(c) Graduates of universities, colleges and technical schools designated by the Minister of Welfare, who have taken authorized courses.

(d) Those who have completed work in technical training institutes designated by the Minister of Welfare.

(e) Those who have obtained licences or certificates by passing examinations and tests designated by the Minister of Welfare.

(f) Those who are designated otherwise by the Minister of Welfare. Exemption is made in the following cases under Article 21 of the Ordinance :

1. Men in the fighting services who are on the active list (excluding those who have not yet entered barracks), or those who have been called to the colours.

2. Army and naval cadets.

3. Civilians in the employ of the Army and Navy.

4. Physicians, dental surgeons, pharmacutists, veterinary surgeons, and mariners coming within the purview of the Mariners Law.

Those in the categories below are not to be called unless there is special necessity, as stipulated in Article 22 of the Ordinance :

1. Government officials, or officials of local self-governing bodies, occupying posts which cannot be easily filled by substitutes.

2. Members of the Diet, prefectural, municipal, town and village assemblies.

3. Those engaged in general mobilization work who cannot be replaced by others.

Procedure of Call

The Minister of Welfare, upon receiving from the Ministers in charge of general mobilization a request for a certain number of men, will issue, when he deems the request proper, orders to the prefectural governors. The latter, in turn, will decide upon those to be called and will issue summons notices for them.

The employment bureaus will prepare lists of all eligible persons, on the basis of registration cards kept on file, taking into full consideration such matters as vocation, degree of competence and aptitude, age, number of family members requiring support and the importance of the work in which the registrant is engaged at the time. Eligible persons will be placed at the disposal of the Minister of Welfare on the basis of these lists. After consulting them, and with due regard to the national labour condition, he will allot the number of persons to be called among prefectures or blocs of prefectures.

In the general order will be written the qualifications of persons to be called, those to be exempted, the ratio of employees to be released for national services by various concerns and all other necessary matters. The prefectural governors, after receiving the order, will request the directors of local employment bureaus to submit lists of eligible persons prepared in accordance with the contents of the order. The prefectural governor will select the candidates and ask them, in accordance with Article 10 of the Ordinance, to present themselves at a designated place for physical examinations, sometimes in the presence of Army and Navy authorities. Summonses will be delivered through the directors of local employment bureaus or mayors of municipalities and headmen of towns or villages.

How will a person be singled out from among many eligible persons with the same abilities? Regarding this important point, Article 9 of the Ordinance explicitly defines all matters to be weighed in selecting candidates, including the place of residence and of work, vocation, capability, physical condition, family circumstances and personal problems. The importance of the work in which the potential recruit is engaged, though explicit provision is lacking, will be given full consideration. The general principles in this connection are:

1. To utilize those whose abilities are lying idle.
2. When a person has special talents, he will be put at the type of work which will give full play to his abilities.
3. Priority will be given to those occupied in non-urgent industries. Due consideration, however, will be made so as not to threaten the existence of such industries.
4. Priority will be given to those with few dependants.

Dispensations, Cancellation and Release

When a person who has been summoned cannot present himself at the designated place at the designated date, owing to illness, injury or natural calamity, he is required to report the reason to the prefectural governor who has issued the summons. Those failing to comply with this provision may be liable to penal servitude not exceeding one year, or a fine not exceeding 1,000 yen. The prefectural governor, receiving this report, will investigate the circumstances and will change the date or place or cancel the summons altogether, as he sees fit.

The person called will be required to pursue the work connected with the general mobilization at the place designated in the summons,

under the instructions of the director of the Government office. Circumstances later may make it necessary to change the place of work, or to transfer to others similar work. As it would be exceedingly inconvenient in such cases to release the call and issue a new one, the competent authority may request the Minister of Welfare to change the nature of the call to fit the circumstances. This provision, on other hand, forbids the Government offices employing the person called to change the place, requirements or working conditions on their own authority. As the candidate will have been selected with full consideration as to his personal affairs and the industrial conditions, such changes are undesirable from the point of view of the control of human resources as well as the interest of the person called.

The person called will be released from national service when his term expires or when he comes within the purview of Article 21 of the Ordinance for any reason. Whenever he has ceased to be regarded under the categories set forth in the People's Registration, he will be released automatically. Apart from these reasons, the Minister of Welfare is empowered to issue an order of release whenever he should deem it necessary or when he has received a request from a competent Minister because of the incapacitation by disease, poor health or otherwise of the person called or because of the cessation of the necessity for his services. In discharging the duties, the prefectural governors, under instructions from the Minister of Welfare, will issue orders to the persons concerned through the Government offices which employ them. When the place of work is in an overseas territory, the order will be issued by the Minister of Welfare.

Status, Remuneration, and Travelling Expenses

As the Ordinance in question limits the services, as stated elsewhere, to those of the State, the person called will enter into employee-employer relations with the director of the Government office to which he is assigned, and he must follow the instructions of the director. In so far as the above legal status is not interfered with, he may acquire any other status. That is to say, the measure of the call does not abolish the status enjoyed by the assignee before the period of national service, and he may acquire any status to his liking, so long as it is not at great variance with the effect of the call.

When a Government official is called to the national service, he will retain his full status. Although his salary is to be paid by the

Government office to which he is assigned, he actually will be treated as an unpaid staff member of the office from which he was recruited. The term of service will not affect the pension rating of civilians or officials mobilized for national services, except in instances in which they are sent to the war-zones, in which event extra benefits accrue in accordance with the provisions of the Pensions Law. If the assignee is transferred permanently to a new post under normal procedure, he will lose his status in his previous office of employment.

Government officials will be entitled to an additional allowance to make up for any possible salary deficiency encountered when they are called to the colours. When they are called to national services, however, adequate remuneration will be made by the new offices to which they are assigned, in which case additional allowances are dispensable, with few exceptions.

Similar treatment is accorded officials of municipalities called to national services, but they are not treated as are the unpaid staff members, because provisions for their treatment as such are lacking at present. Civilians called to national services are to be treated likewise, as is the case when they are called to the colours, with their previous status preserved throughout the term of service. They likewise will receive salary adjustments to overcome any deficiencies in the scale of remuneration in the new type of national service work to which they are assigned.

The civilian conscript will be furnished travelling expenses, (1) when he presents himself at a place designated by the prefectural governor or the director of the employment bureau in his district for examination as to his suitability; (2) when he reports, after a call summons has been issued, to the designated place of work, and (3) when he returns to his home or to his normal position after his term of service has expired.

Rehabilitation

Regarding the rehabilitation of persons released from national services, those having responded to the call with their previous status ensured, or in other words those who have been called away from regular jobs, are to return to their previous place of employment. Those who have been transferred to posts which are to their liking and may afford permanent employment, will not be obliged to retire when their term of service expires.

The only question remaining, therefore, is how to provide for those who have severed their relations with their former employers

when called to national services, and who do not acquire the status of officials or employees in the Government offices which have employed them as called persons. In this case, the principle is the same as it is in cases in which persons are called to the colours; that is, that they should return to their original places of employment, where they will be accorded preferential treatment when new jobs are available. As cases may arise in which administrative measures fail to achieve the desired end, the Government is to study the enactment of legal measures with a view to guaranteeing the rehabilitation of those who have completed important services to the nation.

IMPROVEMENTS IN THE POST OFFICE LIFE ANNUITY SYSTEM

BOARD OF INSURANCE

ON October 1, 1926, the Japanese Government instituted the Post Office Life Annuity system after a careful study of examples in other progressive nations and after consideration of its adaptability to the conditions peculiar to Japan as a measure for the care of the aged.

The Post Office life annuities, carefully planned by actuaries, met the demand of the times and the results have been successful from the very beginning, with 71,523 contracts in force by the end of March, 1927, or within six months of their introduction. Thus, by the end of February, 1939, contracts in force numbered 423,000 and the total value of annuities outstanding amounted to over 34,000,000 yen.

During the past 12 years, however, the state of things in Japan has undergone a radical change, making certain important provisions in the annuity system unsuitable to present conditions. Need had been felt, therefore, by the authorities concerned for improving and enlarging the system so that it may meet the demands of the new conditions. Accordingly, a bill amending the Post Office Life Annuity Law was proposed to the 74th session of the Imperial Diet, which approved it without amendment. The revised Law was promulgated on March 31, 1939. Information on the nature and purpose of the annuity system and explanations in regard to the important revisions effected therein may be pertinent at the time the revised law goes into operation.

How the System Worked

The Post Office Life Annuity is a kind of life insurance which assures the living of the aged who may be grouped in the middle and lower classes of society. Under this system, the policy-holders are brought together to form an insurance body in the spirit of mutual help. The Government, as a national policy for the prevention of poverty, manages the business without profit.

In view of the purpose of the system, which is to help the mass of the people, all the formalities of contracts, the payment of

premiums and so forth are made simple by employing the services of over 10,000 post offices all over the country in carrying on the business. The Department of Communications and the Postal Service Bureau supervise and give encouragement to the work of the post offices in this business, while the Post Office Insurance Bureau in the Board of Insurance under the Department of Welfare, as the central office for the operation of the Post Office Life Insurance and the Post Office Life Annuities, actually manages the business and is responsible for making necessary improvements, promoting and expanding the business, making contracts, collecting premiums and investing the reserve fund.

Although this system of life annuities is by no means monopolistic, it is made an independent account by itself so as to make clear the income and expenditure as a public enterprise without profit. The annual excess of income is kept in reserve by the Government for the welfare of the contractors. Part of the annuity reserve fund is invested in the safest and most profitable public and social enterprises on recommendation by the Post Office Life Insurance Reserve Fund Utilization Commission, thereby stabilizing the enterprise.

Kinds of Contracts in Force

(A) *Kinds of Annuities*—There are two kinds of annuities. The first is the Immediate Annuity which will begin on the date of contract and continue from that time until the death of the annuitant, and the other is the Deferred Annuity which will begin on the date of the annuitant's reaching a certain specified age and continue from that time until the death of the annuitant.

(B) *Ages of Entrance*—The ages of persons entitled to become annuitants under this system must fall, in the case of Immediate Life Annuities, between 40 and 80 inclusive, and in the case of Deferred Life Annuities between 12 and 60 inclusive.

(C) *Payment of Premiums*—Premiums are payable either in a single sum or by instalments. The premium for an Immediate Annuity must, of course, be paid only in a single sum.

(D) *Return of the Purchase Money*—Contracts may be made either with or without provision for the return of the purchase money. In the first case, the total amount or approximate amount of the money already paid in instalments may be returned when the annuitant dies before the annuity begins or at a surrender of or change in the contract, or the remaining sum of the purchase money, if any is left after deducting the amount of annuities already paid to the annuitant, may be returned when the annuitant dies after the annuity began.

The Need for Revisions

At the present time, when the nation-wide campaign for encouragement of savings is going on, calling for the cooperation of the people in carrying on the wartime economic policy and urging them to make provisions for the future by depositing the present surplus, it is desirable that the post office life annuities be utilized to the utmost. For it is, as already explained, an insurance system that enables them, at once, to prepare for their declining years and to save money. The sole purpose of the revision in provisions of the Post Office Life Annuity Law is to enlarge and readjust the operation of the Law in consonance with the requirement of the present time and encourage the utilization of the system by the mass of the people.

Important Points of Revision

I. Guaranteed Period System

(A) *The Aim*—A guaranteed life annuity plan is added to the old system. According to the contracts of the new Guaranteed Life Annuities, the annuity shall be paid to the annuitant as usual, as long as he lives. In addition, when he dies after the annuity has begun within the period specifically fixed as the guaranteed period of annuity, the same amount of annuity shall be paid, during the rest of the guaranteed period, to the bereaved who is given the right of receiving the annuity continuously; or in case the annuitant dies before the annuity begins or at the cancellation of contract, the purchase money shall be returned to the policy-holder with the additional sum of compound interest at the rate of 2 per cent per annum. The new policy will protect the right of the policy-holder much further than in the case of the old policies. Widows or disabled men above 20 years of age may be specially benefited by the new plan.

(B) *Kinds of Policies*—There are two kinds of Guaranteed Life Annuities; one is the Immediate Guaranteed Life Annuity, the guaranteed period of which begins on the date on which the contract becomes effective and continues either for the following 15 years, 20 years or 30 years; the other is the Deferred Guaranteed Life Annuity, the guaranteed period of which begins on the date of the commencement of annuity and continues for the following 20 years, provided that the year of age in which annuity begins is fixed either at 50, 55 or 65.

(C) *Eligible Years of Age*—The years of age eligible for contracting Immediate Guaranteed Life Annuities are from 40 to 75, inclusive, in the case of the guaranteed period extending over 15 years or 20 years, and widows or certain disabled men between the ages of 20 to 40 only are eligible to such annuities in the case of the policy whose guaranteed period extends over 30 years.

The years of age eligible for contracting Deferred Guaranteed Life Annuities are from 12 to 60, inclusive.

(D) *Amount to be Returned*—The return of the purchase money may be claimed only before the date of the commencement of annuity. The return shall be made as follows :

a. At the death of the annuitant the total amount of the purchase money may be returned with the additional sum of compound interest at the rate of 2 per cent per annum.

b. In the case of the surrender of or change in contract the same amount or 90 per cent of the amount mentioned in (a) may be returned.

II. Special Returns of the Purchase Money to the Bereaved Families of Annuitant Soldiers or Men who were Killed in Action or who Died in the Services

According to the old provisions, annuities were paid regardless of the causes of death—that is, cases of death in or in connection with battles were not treated differently from other cases. The new Law provides the return of the purchase money to bereaved families of such annuitants who died in battles or in other services for national defence on or after July 7, 1937, as follows :

a. In the case of the contract with provision for the return of the purchase money, 90 per cent of the remaining sum of money, after the deduction of the amount receivable at the death of the annuitant according to the provision for the return of the purchase money, may be refunded.

b. In the case of the contract without provision for the return of the purchase money, 80 per cent of the amount of the purchase money may be returned. But in the case of the Immediate Guaranteed Life Annuity and of the Deferred Guaranteed Life Annuity, in which the payment of the annuity already has begun, 90 per cent of the remaining sum of the purchase money, after deducting the unpaid annuities due to the guaranteed period computed according to the current value, may be returned.

III. Payment of Premiums at the Annuitant's Option

Premiums are payable, as mentioned before, either in a single sum or by instalments. But, in the latter case, the years of payment extend for so long a period that a person may hesitate to enter into a contract because of the uncertainty of his capacity to meet instalments in the coming years, whereas he is able to pay in a lump sum an amount corresponding to the instalments for some years, yet at the same time, the money in hand is not enough for the single sum payment. To go between the two old ways of paying premiums, therefore, the new Law prescribes for a free-time payment of premiums "payable not at call but at any time when he has money," so that the contractor may be able to pay any sum of money on his policy at a convenient time and may at the same time increase the amount of annuity at his option.

Minor Points of Revision

(A) *On the Restrictions of the Receiver of the Return of the Purchase Money*—The right for the purchaser or the annuitant to claim refund of premiums paid was extended to a person designated as "the beneficiary of the refund" other than the contractor or the annuitant to whom the right was exclusively reserved according to the old Law.

(B) *Partial Abrogation of the Contracts without Provision for the Return of the Purchase Money*—The contract of the Deferred Life Annuities without provision for the return of the purchase money was rarely made, and new contracts of this kind will not be accepted hereafter.

(C) *Refund of Premiums Paid on the Occasion of the Cancellation of Contract by Statute*—The cancellation of contract by statute was effected according to a similar principle with that of the Post Office Life Insurance. But the revised Law prescribes for refunding the total amount of premiums paid even on such occasions, provided that there was no important fault or bad will on the part of the contractor.

(D) *Surrender of the Right of Cancelling a Contract*—The number of the contractors who surrender the right of cancelling a contract for the purpose of protecting the annuitant is considerable. The motives of such action are by no means to be condemned in view of the purpose of this system. Accordingly, the revised Law recognizes such action by specifying it in its provisions.

(E) *Refund of Loan from Annuity and the Return of the Purchase Money*—Provided a contract reserves the right for the contractor to claim refund of premiums paid, he may avail himself of a cash loan of not more than a fixed percentage of the premiums paid. But when the refund of the loan is delayed for many years the result may be detrimental to the benefit both of the annuitant and the Government. The revised Law, therefore, prescribes for refunding the loan by a deduction from the annuity to be paid and the return of the purchase money on the expiration of a fixed period of grace.

(F) *Further revisions* are contemplated which are to be effected by the revisions in the related Imperial Ordinance and departmental orders, in particular by introducing a collective life annuity system on small instalments of premiums to provide for an easier contract for the operatives in factories and mines, clerks and other employees in business houses and stores.

DOCUMENTS

I

ANNOUNCEMENT OF THE FOREIGN OFFICE

JULY 24, 1939

The following statement is issued as a result of the conversations which have been proceeding since July 15th between the Minister for Foreign Affairs of Japan and the British Ambassador :

His Majesty's Government in the United Kingdom fully recognize the actual situation in China, where hostilities on a large scale are in progress, and note that, so long as that state of affairs continues to exist, the Japanese Forces in China have special requirements for the purpose of safeguarding their own security and maintaining public order in the regions under their control and that they have to suppress or remove any such acts or causes as will obstruct them or benefit their enemy. His Majesty's Government have no intention of countenancing any acts or measures prejudicial to the attainment of the above-mentioned objects by the Japanese Forces and they will take this opportunity to confirm their policy in this respect by making it plain to the British authorities and British nationals in China that they should refrain from such acts and measures.

II

STATEMENT OF THE FOREIGN OFFICE SPOKESMAN CONCERNING THE AMERICAN NOTIFICATION OF ABROGATION OF THE JAPANESE-AMERICAN TREATY OF COMMERCE AND NAVIGATION

JULY 27, 1939

The American Government have formally notified our Government through our Embassy at Washington of their desire to terminate the Treaty of Commerce and Navigation between Japan and the United States. As the step has been taken by the American Government all of a sudden, and, moreover, as the reasons given therefor are given only very briefly, it is difficult to grasp the true motive underlying the action of the American Government.

It is stated by the American Government that during recent years they have been examining all the existing treaties between the United States and foreign countries with a view to determining what changes should be made, and, that having come to the conclusion that the Japanese-American treaty contains provisions which need new consideration, and in order to safeguard and promote American interests as new developments may require, they desire the termination of the treaty.

However, the above reasons of the American Government which serve

equally well for a revision of the treaty, fail to explain fully why the American Government should have found it necessary to give notice of the abrogation in such a hasty and abrupt manner.

Although the American Government claim that the notification in question has no connection whatever with the deliberations in the Senate Foreign Relations Committee on the proposal of Senator Vandenberg for the abolition of the Japanese-American Treaty of Commerce and Navigation, the present action of the American Government, coming as it does at the time when the Anglo-Japanese conversations are in progress, is highly susceptible of being generally interpreted as having a political significance.

A new situation is now fast developing in East Asia. The Japanese Government have long been hoping that other countries of the world would frankly recognize this fact. In case the American Government desire to conclude a new treaty with Japan in conformity with this new situation in East Asia, the Japanese Government will, of course, be glad to do so.

III

STATEMENT OF THE FOREIGN OFFICE

JULY 29, 1939

A comprehensive agreement concerning trade and settlement of accounts therefor has been provisionally signed today between Japan and Germany. The agreement, while it is intended to maintain the normal trade carried on hitherto between the two countries, anticipates its notable development in the future.

The agreement will come into force as soon as possible upon the completion of internal procedures, and in the meantime preparations are to be made for its enforcement. Since the new agreement is expected to strengthen further the economic ties between the two countries in view of their existing friendly relations, its conclusion is welcomed in both Japan and Germany.

IV

STATEMENT OF THE FOREIGN OFFICE SPOKESMAN CONCERNING THE INITIALLING OF THE JAPANESE-GERMAN TRADE AGREEMENT

JULY 29, 1939

Negotiations for the conclusion of a trade agreement between Japan and Germany were opened at Berlin in the fall of 1937 between the Japanese Embassy and the German Government authorities. The primary purpose was not merely to strengthen the economic relations between the two countries for cementing further the bond of their anti-Comintern relationship, but also to improve our unfavourable balance of trade with Germany and at the same time to assure the supply of goods which are essential to our country.

Despite the earnest efforts of the representatives of both countries, the

negotiations have unexpectedly taken a long time due to various unforeseen technical difficulties arising from the fact that the trade is of a considerable volume and involves several hundred kinds of articles for both export and import. But agreement of views was finally reached and a draft agreement has just been initialled by Ambassador Oshima and Mr. Wohltat, chief of the German delegation. Now the Japanese and German Governments will each take the necessary internal procedures in accordance with the draft agreement, upon the completion of which the agreement will be formally signed between the representatives of the two countries. As for the exact date of the formal signature, it cannot yet be definitely stated, but our Government intend to complete the necessary preparations as soon as possible.

Although the contents of the agreement cannot be made public pending formal signature, it may be stated that the instrument will effect not only an increase of the volume of Japanese-German trade but also increased economic interdependence between the two countries. On the one hand, Japan will be able to augment the supply from Germany of articles required in times of peace as well as of war, accelerating our production expansion and the growth of our national strength. On the other hand, Japan will be of material help to Germany, which is to be supplied with an abundance of important goods, including marine and agricultural products.

The agreement has important significance in that it brings Japan into a still closer economic relationship with her collaborator against the Comintern. Moreover, it constitutes an innovation in our trade agreements with foreign countries in that it is an agreement after "planned economy," adjusting as it does the complex trade relations between the two countries on a systematic basis.

It is a matter for congratulation that, through agreements such as the Japanese-Manchoukuo-Italian trade agreement and the present Japanese-German agreement, the anti-Comintern axis is being steadily strengthened in the economic sphere as well as in other spheres.

V

STATEMENT OF THE FOREIGN OFFICE

AUGUST 21, 1939

The Anglo-Japanese conference has been opened in pursuance of the British desire. The Japanese Government, considering it necessary first of all to obtain an understanding with the British Government regarding the general questions which form the background of the Tientsin situation, started negotiation for the purpose at the outset of the conference, as the result of which an agreement on general principles was reached on July 22, as already announced.

Following the conclusion of the agreement on general principles, the conference took up for discussion various concrete questions in Tientsin. In this discussion, the Japanese Government made demands regarding policing and economic matters, which are indispensable to more efficient maintenance of peace and order on the spot and also to the existence and

security of the Japanese forces in China. It is hardly necessary to say that all those matters as well as those points in which we asked for British co-operation can be dealt with by Britain within her competence. Therefore, it is not warrantable to regard the nature of those demands as beyond the scope of the conference, nor is there any justification for an attempt to ban them as the subject of an agreement between Japan and Great Britain. Take the currency and silver question for instance. The Japanese Government have drawn the attention of the British Government to the fact that, as the result of the continued circulation of *fapi* in the British concession at Tientsin, lawless elements, by taking advantage of it, have been making operations both within and without the concession for disturbing economic conditions as well as peace and order. Therefore, they have been only requesting the British Government to take all possible measures for prevention of such a situation.

With regard to the question of Chinese silver holdings, the Japanese Government have been requesting the British Government that the British concession authorities make no interference with the transfer of those holdings from the concession. There is no room for argument that these matters can be a subject of discussion between Japan and Great Britain and also that they are local issues of Tientsin, nor is there reason to claim that these matters cannot be settled between the two countries or that they are not of a local character. It may be recalled that in accepting the British proposal for opening the Tokyo conference, the Japanese Government made it clear to the British Government that the Japanese proposals will have bearing on military, political and economic requirements for the existence and security of the Japanese forces in China. The British Government not only entered the conference on this understanding, but the British representatives made no objection on July 27 when the Japanese representatives again informed them to that effect at the start of discussion of the economic questions between the two delegations. On August 1, the British representatives agreed of their own accord to the meeting of a sub-committee on economic questions, and entered into a definite discussion of the economic question. This clearly shows that the British Government have had no intention to exclude the economic questions from the outset of the conference.

While asserting that it is not their desire to shelve the economic questions, the British Government contend that those questions should be solved in relation to an ultimate settlement of the Sino-Japanese dispute. This is evidently a self-contradiction on the part of Great Britain. Britain invoked the Nine-Power Treaty in the latter part of their statement, but the attitude of the Japanese Government regarding the pact has been repeatedly made clear. It is beyond comprehension for the Japanese Government how discussion of the Nine-Power Treaty can be useful in settling the Tientsin issues. If the British Government intend to invite intervention of third Powers in an attempt to seek a favourable conclusion of the negotiations, the Japanese Government cannot but point out that they would never admit such an attempt, which would only serve to delay and complicate the questions.

THE SITUATION IN CHINA

I

—ACTIVITIES OF THE JAPANESE MILITARY FORCES IN CHINA AND MANCHOUKUO—

BUREAU OF INFORMATION, WAR DEPARTMENT

The Luan Campaign

THE broad Luan Plain in southern Shansi Province was the locale of renewed military operations during the first half of July, after a lull of more than a year in that sector.

Japanese military forces had gained complete control of the area last year in a three-month campaign starting in February, withdrawing later for strategical reasons.

Early this summer, however, the enemy again moved into the region and established a base for guerilla operations. Consequently, another Japanese clean up campaign was launched on July 3 and was carried off successfully in a fortnight against 16 divisions of Chinese, totalling 195,000 men, despite intense heat and torrential rains, encountered in turn, and the tortuous topography of the southern Shansi region.

Enemy Movements

The enemy extended its line of communication from Luan (Changchih) to Loyang, on the south bank of the Yellow River, via Yuanku and Menghsien. General Wei Li-huang, at the head of 95,000 Central Army Forces, took up a position in the mountainous region east of the Tatung-Puchow Railway. The 45,000 Communist troops, with the 129th Division as their nucleus, were stationed at Liaohsien, Yushe and Chihhsien and approximately 55,000 provincial troops under General Sun Tien-ying were deployed south of Luan. From these positions, they made frequent forays against the Tatung-Puchow, Shihchiachwang-Taiyuan and Peking-Hankow railway lines.

The 40th Chinese Army under General Pang Ping-hsun was ordered to invade Tsechow in southern Shansi Province, while the troops under General Sun were reorganized and incorporated with the regular army. The Communist troops under General Chu Teh set up headquarters at Luan, establishing primitive arsenals at Chihhsien and other places.

Progress of the Campaign

The Japanese units participating in the campaign converged on Luan Plain simultaneously from all directions, north, south, west and east, effec-

tively covered by the air force and steadily tightening their cordon around the Chinese troops.

The Japanese Yamazaki, Kawasaki, Kimura and Sasaki units started their operations from the Shihchiachwang-Taiyuan Railway and occupied Liaohsien, Yushe, Chihhsien and other enemy bases in quick succession. These units succeeded in reducing Luan on July 12.

The Japanese Mineki and Oikawa detachments drove north from Tsing-hwachen and attacked the 106th and 30 divisions of the Chinese 40th Army, under command of General Pang, which had established strong positions on the Honan-Shansi border. On July 11 they broke through and on July 19 occupied Tsechow, where General Pang's forces had established headquarters.

Within a fortnight of the start of the drive, all important enemy bases had been captured. At the height of the campaign, heavy downpours in southern Shansi washed out highways and forced the Japanese troops to march through quagmires. Some of the Japanese troops were marooned for days, entirely out of communication with the rear. Provisions were dropped by parachute from army planes.

The Japanese forces are continuing their mopping up campaign against the remnants in the Luan sector, although resistance is negligible.

Strained Japanese-Soviet Relations

The strained relations between Japan and the Soviet Union are reflected directly in the present border trouble between Manchoukuo and Outer Mongolia, which is being aggravated with every fresh clash.

Although the Changkufeng Incident of July, 1938, between Japan and the Soviet, disclosed various weaknesses on the part of the Red Army, it nevertheless was bold enough to provoke the present incident near Nomonhan last May.

At the same time, the Soviet Union has brought intolerable pressure to bear on the Japanese oil and coal concessions in North Saghalien, as explained elsewhere in this issue, while it is doing everything possible to restrict Japanese fishery interests in northern waters. Thus, the whole attitude of the Soviet Union toward Japan is marked by provocation.

The chief motive of the Soviet provocation against Japan may be seen in her Far Eastern policy. Other factors are the German-Japanese-Italian Anti-Comintern Pact, the progress of the five-year industrial plan and apparent under-estimation of Japan's military resources. Such being the case, the only effective way for Japan to deal with the situation will be to foster her national resources and complete war preparations against the Soviet Union. Japan has not the slightest intention of provoking a war, but she must be fully prepared and determined to meet any challenge with armed forces. In this connection, special attention must be directed to the fact that Soviet troops, on full war footing, are deployed along the borders separating Manchoukuo, the Soviet Union and Outer Mongolia for a distance of some 5,000 kilometres. In the Nomonhan sector alone, the Soviet Union has mobilized four or five modern mechanised corps.

To meet such a situation, it is but natural for Japan to assign a sufficient

number of troops to the threatened area. With this situation prevailing, no one can tell whether or not a minor clash will develop into large-scale hostilities. The nation must be fully aware that it now is facing a situation wherein a major international conflict on the China-Soviet fronts has already been developed.

Outer Mongolian Provocations

The Nomonhan Incident which has been discussed at length in previous issues of *TOKYO GAZETTE* is another in the long chapter of unwarranted provocations by Outer Mongolia, which has become a Soviet puppet.

In the four-year period between April, 1935 and April, 1939, there have been no less than 108 disputes between Manchoukuo and Outer Mongolia, including cases of border violations, kidnapping of Manchoukuo subjects, firing on Manchoukuo patrols and citizens, demand for the removal of border patrol stations, seizure of Manchoukuo territory and illegal aerial reconnaissance by the Outer Mongolian Army. A few cases which occurred in the Nomonhan area are mentioned below:

On June 23, 1935, Outer Mongolian regulars crossed the border near Holstengohl and kidnapped a surveying engineer, employed by the Kwantung Army, and his Russian assistant, also seizing their surveying apparatus.

On November 6, 1935, two Mongol regulars, assigned to the border outpost at Soktosumburu, crossed the border to steal timber from Manchoukuo territory. When they were arrested by Manchoukuo border patrols, the latter were fired on by Outer Mongolian troops.

On October 4, 1938, 24 members of a Japanese surveying party were fired on by five Mongol cavalrymen near the Halha River, which forms the border between Manchoukuo and Outer Mongolia.

On January 12, this year, a squad of Mongol soldiers crossed the border at Dongolulubobo southwest of Nomonhan, but were driven away by the Manchoukuo border guards. Five days later, a Mongol woman—citizen of Manchoukuo—was outraged by a trooper of the Outer Mongolian Army in the same region.

On January 19, a party of 15 soldiers crossed the borders and entered Nomonhan to exchange shots with the local Manchoukuo police force.

These transgressions took place with increasing frequency during the next three months, leading up to the frontal clash in May.

The Manchoukuo Government had protested to the Outer Mongolian Government on every occasion, but the Mongol forces persisted in their provocative acts without the slightest regard for the protests.

Development of the Nomonhan Incident

The Nomonhan incident, as was explained in the July number of *TOKYO GAZETTE*, had the same inception as the preceding border clashes. On May 11, some 80 Mongol regulars, armed with heavy artillery pieces, crossed the Halha River and entered Balshagal, southwest of Nomonhan, attacking the Manchoukuo border outpost there. The invaders were repulsed by the Manchoukuo border guards, but they renewed their attack on May 13 with

strong reinforcements brought up from the rear. At this juncture, the Japanese Azuma detachment was dispatched to the spot from Hailar. This detachment, in cooperation with Manchoukuo troops, pressed back the Outer Mongolian force to the western bank of the Halha on May 16. Then leaving a few squads on the border to watch the movements of the Mongols, the Azuma detachment returned to its barracks in Hailar.

It was not long, however, before the Mongol force, reinforced by Soviet regulars, again crossed the Halha. They first built bridges over the river and then started constructing fortifications on its eastern bank, which lies within Manchoukuo territory. The Kwantung Army then sent the Yamagata detachment to repulse the stubborn invaders. This detachment reached the Halha River on May 28, driving the Mongol and Soviet forces ahead of it. The Yamagata detachment returned to its base on June 1.

The Japanese up to that time had encountered approximately 2,000 Soviet-Mongol troops, including the Sixth Division of Outer Mongolian cavalry, 1,000 strong and armed with 10 guns, a Red Army unit of 500, which included an infantry battalion supplemented with more than a dozen tanks and a large number of motor-lorries. In addition, there was a motorized unit of sharpshooters, dispatched from Ulanbator, capital of Outer Mongolia.

Sustaining a heavy blow at the hands of the combined Japanese and Manchoukuo forces, the enemy remained quiet until the middle of June. Meanwhile, aeroplanes and mechanised units were rushed to Tamsk, south of Lake Buir from the Soviet Union.

On June 15, the Soviet-Mongol troops again started operations near the confluence of the Halha and Holstein Rivers, establishing positions on the eastern bank of the Halha, as they had done before. Part of them penetrated deep into Manchoukuo territory and attacked the Japanese garrison at Chiangchunmiao, while Soviet bombers flew 150 kilometres into Manchoukuo territory and bombed Halunarshan, the railway terminus.

The Kwangung Army decided to launch another counter-offensive. In conjunction with the Manchoukuo forces, they started operations at midnight, July 1, and faced the enemy front lines the following evening. After 10 days of fighting, the Japanese-Manchoukuo forces succeeded in expelling the invaders from Manchoukuo territory. The strength of the Soviet and Outer Mongolian forces at that time was estimated at 10,000 men, including the bulk of the Eastern Mongolia garrison forces as well as troops sent from the military districts of Transbaikalia, Siberia and the Urals. The Japanese and Manchoukuo units then engaged in mopping up the enemy remnants, keeping a vigilant watch on activities across the border. Unwilling to admit defeat, the Soviet-Mongol forces erected strong artillery positions on the western bank of the Halha and watched for an opportunity to launch another attack while powerful reinforcements of mechanised and infantry units were being brought up from the rear. They made small-scale forays from time to time, but were repulsed on every occasion. At 3 : 30 o'clock on the morning of July 16, enemy bombers raided Fularki, international railway junction in Manchoukuo, and dropped eight bombs on the unfortified town.

One week later, 2,000 or more Soviet and Mongol infantry troops,

equipped with approximately 100 tanks, crossed the border, only to be driven back with heavy losses. At 7 o'clock the same morning, Japanese artillery units opened fire and silenced the enemy batteries on the western bank of the Halha. During the barrage, Japanese fliers also attacked the Soviet gunners.

The Soviet and Outer Mongolian air forces had lost some 700 planes up to July 25, from the beginning of the Nomonhan incident.¹ To replenish their air force at the border, the Soviets sent a number of new planes to Outer Mongolia. Information shows that the Soviet and Outer Mongolian forces near Nomonhan consisted of one infantry division, half a dozen mechanised brigades and at least 300 planes, including S. B. and T. B. bombers and I-15 and I-16 pursuit planes, at the end of July.

Situation in Other Sectors

The border situation between Manchoukuo and the Soviet Union has witnessed no great change since the outbreak of the Nomonhan incident, but strict vigilance is being maintained in other regions by both sides and minor incidents are reported from various points along the border. On May 28, for instance, Soviet gunboats fired on three small Manchoukuo gunboats on the Jao River. Fires started in the Manchoukuo gunboats as the result of the shelling, and heavy casualties were caused. Again on June 1, a squad of Soviet soldiers crossed the eastern border at a point 14 kilometres southeast of Hunchun and started surveying Manchoukuo territory. They clashed with a Japanese infantry unit and left eight dead, while the Japanese suffered six wounded.

On the evening of June 3, two Soviet planes crossed the eastern border and dropped five bombs over Hsiaomaanshan, four kilometres northeast of Changlingtze. Again on June 12, two more Soviet planes crossed the eastern border south of Sanchakow, and dropped seditious handbills.

Although comparative quiet prevails along the border at the time of writing, brisk troop movements are reported in the Urals and Transbaikal.

Results of the Nomonhan Incident

A communiqué issued by the Kwantung Army Headquarters on July 28 states that the Japanese air force had shot down 715 Soviet and Mongol warplanes up to that date. During the same period, 520 tanks, armoured cars and motor lorries were destroyed, seven artillery companies liquidated and 12 artillery companies heavily damaged. The enemy left more than 3,000 dead and lost 90 prisoners. The Japanese also captured large numbers of tanks, armoured cars, motor lorries, artillery pieces, machine-guns, rifles, telephone equipment, maps, documents and a large quantity of ammunition.

¹Additional losses resulting from sporadic fighting in August brought the total number of demolished Soviet planes to 1,101, according to an official communiqué issued by the Kwantung Army Headquarters on August 22.

THE SITUATION IN CHINA

II

—FORCES OF THE IMPERIAL NAVY IN ACTION—

PUBLICITY BUREAU, NAVY DEPARTMENT

Extension of Naval Blockade

THE Imperial Navy is now blockading the entire 2,850-mile China coast, from Shanhaikwan, on the Manchoukuo China border in the north, to the border between South China and French Indo-China, including Hainan Island in the south. The first proclamation for suspension of traffic along the China coast, applying to Chinese shipping, was issued in the name of the Commander-in-Chief of the Third Fleet, on August 25, 1937. Suspension of traffic since has been extended on several occasions, until it is now applied to the entire China coast. The Japanese fleet is making invisible but substantial contributions to the termination of the present conflict with China by patrolling China waters, seizing Chinese junks and cutting off the supply of arms to the Chiang Kai-shek régime. The warships on duty patrol not only the muddy waters of the Yellow Sea, but the South China Sea and inland waterways as well.

It is no easy task to patrol such a vast stretch of coastline. Although there is nothing spectacular about it, such as an encounter with a powerful enemy fleet, it calls for the constant vigilance of the Imperial Fleet against Chinese blockade runners who attempt to smuggle arms and war materials to the Chiang Kai-shek Government, and also against Chinese vessels which are disguised as third-Power ships and are used for similar purposes. In addition, the naval forces must fight the elements day and night. Their quiet role requires extraordinary patience and perseverance. The great contributions they are making to the cause of the Japanese crusade in China may sometimes escape public notice, but the officers and men in the naval service nevertheless are doing their best in the discharge of their duties, without caring for public acclaim.

In enforcing the suspension of traffic, attention first must be given the seaports. Since the outbreak of the current hostilities, the major ports of China have fallen to the Japanese, including Tangku, Chefoo, Weihaiwei, Tsingtao, Lienyunchiang, Haichow, Shanghai, Amoy, Canton, Hoihow (Haikow) and Yulin. The last two are in Hainan Island. These seaports have ceased to function entirely for the supply of military equipment to the Chiang Kai-shek régime. There remained, however, some treaty ports in South China, which were not yet occupied by the Japanese, and which were utilized by vessels of certain third Powers to supply the Chungking régime with vital necessities.

New operations, therefore, were started recently by the Imperial Navy against these strategic ports. Following the Swatow campaign of June 21, a Japanese naval unit, covered by warships and aeroplanes, effected a landing in the southern part of Chushan Island at the mouth of Hangchow Bay early on the morning of June 23. The same evening, the Japanese landing party occupied Tinghai, island capital. Taishan Island, north of Chushan, also was taken. The Chusan group consists of Kintang, Taishan and a number of tiny islets. They dominate not only Hangchow Bay and the mouth of the Yangtze River, but Ningpo and Chenhai, ports in Chekiang Province.

The Chungking régime had concentrated a large body of Central Army troops along the Tsientang River, with bases at Shaohing and Ningpo with the idea of bringing in war materials from abroad through Chushan Island, Ningpo and Shaohing. Chinese troops crossed the Tsientang River from time to time in attempts to invade Hangchow, capital of Chekiang. The Japanese occupation of Chushan Island, together with the earlier seizure of Swatow, therefore, has great strategic significance, upsetting as it does the Chinese plan of operations. Again on June 27, the Japanese naval force carried out a blockade against Foochow, capital of Fukien Province, and Wenchow, important seaport in Chekiang Province.

On July 12, the Imperial Navy decided to blockade Chuanchow, new treaty port in Fukien Province, as well as Tungshan and Chaoan, in the same province. Consequently, the Commander-in-Chief communicated with the foreign consular corps and the Chinese Maritime Customs Administration to the effect that Mr. Yoshiaki Miura, Japanese Consul-General at Shanghai, was requesting third-Power warships and merchant vessels to withdraw from those ports. At 8 o'clock on the morning of July 15, the Navy started operations to blockade the three ports.

Further tightening the blockade of the South China coast, the Imperial Navy captured Swabue in Kwangtung Province at 8 o'clock on the morning of July 18. Swabue lies halfway between Hongkong and Swatow, forming a transit point for the other two ports. It also is a centre of coastal trade in South China. Hinghwa, south of Foochow, was blockaded the next morning. The Powers were notified three days in advance in both instances.

Santuaio, Loyuan and Shacheng, all ports in Fukien Province, were blockaded on July 21 and 22. Meanwhile, the Japanese naval authorities on July 26 informed the foreign consular bodies at Canton and Hongkong that the Pearl River would be closed to foreign shipping for two weeks, starting July 28.

The Japanese suspension of shipping hitherto has been in effect only off the China coast, but it now is enforced vigorously in the seaports as well. Japan is fully aware of possible friction with third Powers in trade questions, but is manifesting her solid national determination to deprive the Chiang Kai-shek régime of foreign assistance at all costs.

Suspension of port traffic has the same object as a coastal blockade, that is, in depriving the enemy of war materials. In view of the fact that the objective of the China Affair is the construction of a New Order in East Asia by crushing the Kuomintang Government and the Chinese armies opposing Japan for the sake of lasting peace in the Far East, and not in antagonizing the law-abiding Chinese people, war has not been declared by Japan against

China. In official terminology, therefore, the current conflict is not a war, but an affair. Therefore, the term blockade is not used formally, but instead the Navy's programme is called suspension of Chinese shipping or a "peacetime blockade." This practice is recognized by international law. Moreover, history shows that some of the Powers which are now criticizing the action of the Imperial Navy themselves have enforced "peacetime blockades" openly in the past.

A peacetime blockade is not directed against third-Power shipping in principle. Consequently, Chinese vessels frequently attempt to slip through the Japanese blockade under false colours. Japanese patrol boats therefore order all vessels of suspicious appearance to heave to while a boarding-party inspects them. The Japanese blockade units cannot seize munitions and other goods supplied by foreign Powers and destined for the Chiang Kai-shek Government, so long as they remain in neutral territory, leased territory or foreign bottoms. They are seized immediately, however, once they pass into Chinese hands. Such goods usually are landed at Hongkong, Macao or Kwangchow, French leased territory. From these points they are transhipped in Chinese junks for smuggling into Chinese ports.

Explanation must be made here of the reason the Navy has tightened its blockade of the South China coast. Nowadays any country, even in peacetime, cannot attain independence, existence and development by secluding itself from the outside world. The sea provides trade lanes, and seaports form the doors of international intercourse. It is hardly necessary to say what a severe blow a country would suffer if it had its door closed by another Power. Now, China is not an industrial country, and although she may have had a large stock of munitions before the outbreak of hostilities, her attempt to wage protracted warfare against Japan makes it necessary for her to import more munitions from abroad. It is true that there still are some routes by which the Chiang Kai-shek régime may import munitions. One is the so-called Red route in Northwestern China via Lanchow, capital of Kansu Province, through which China can procure munitions from the Soviet Union. Another is the Burma route. Still another is the French Indo-China route. Through the last two avenues, China can get what she needs from foreign countries via Yunnan Province. There are other overland and, of course, air routes. The topography of China, however, makes the sea-route most convenient because goods can be handled in greater volume and shorter time.

Now that the sea has been closed to the Chinese Government, the number of foreign vessels plying between Chinese ports since the beginning of the China Affair is clearly shown by statistics compiled by the Japanese blockade units. It is worthy of special notice that British shipping has topped the list of foreign vessels calling at Chinese ports since the start of hostilities.

Even after the Japanese occupation of Canton, which nullified the value of the Canton-Hankow Railway and the Canton-Kowloon Railway as supply routes, Hongkong has figured most prominently as a source of arms supply for the Chungking Government. These materials are landed at Hongkong, from where they are transhipped to Haiphong in French Indo-China, Swatow and other South China seaports.

After the fall of Tsingtao, Shanghai and Canton, the three major treaty ports of China, Swatow remained as the only available seaport for the Chinese Government. The port became crowded with shipping of third Powers friendly to the Chiang régime. During the three months which followed the fall of Canton, Swatow accounted for 38 per cent of the total foreign trade handled by the sea ports under the jurisdiction of the Chiang Kai-shek régime, thus occupying the foremost place among them. This was before the fall of Nanchang, capital of Kiangsi Province. Since the Japanese occupation of Nanchang, junction of the Chekan Railway and the Kiukiang-Nanchang Railway, which caused a disruption of the former line between Chekiang and Kiangsi provinces, Swatow gained further importance, veritably becoming the only major seaport left to the Nationalist Government.

Swatow enjoyed a very large excess of exports over imports. This shows what an important role it played in supplying the Chiang Kai-shek régime with war sinews by securing foreign currencies from its favourable balance of trade.

Swatow, together with Amoy, Chuanchow, Canton and Hainan Island, all are now under Japanese control.

The Kuomintang Government already has lost its major sources of revenue—customs and salt gabelle revenue—and is now facing loss of another no less important source of revenue in the form of remittance from Chinese nationals abroad. Its specie holdings in foreign countries also are being steadily drained, adding to its financial difficulty. But despite these factors, the Kuomintang is desperately continuing resistance against Japan, relying more and more on third Powers, particularly Great Britain, at the same time paying no heed to the suffering of the Chinese people. Such being the case, the longer Britain assists General Chiang Kai-shek, the more prolonged will be the suffering of the innocent masses. On the other hand, the Japanese blockade of the China coast will be tightened in proportion to the assistance rendered by Britain to the Nationalist Government. Viewed in this light, the policy of Britain is the main obstacle to the realization of peace in the Far East and the construction of a New Order in East Asia. Britain must be urged to reconsider her attitude. The Japanese for their part must be firmly determined to prosecute hostilities and carry on construction at one and the same time.

Second Anniversary of the Shanghai Campaign

The second anniversary of the outbreak of the Shanghai campaign was observed on August 13. In the summer of 1937, the month following the Marco Polo Bridge incident in North China furnished danger signals indicating imminent trouble in central and South China. The Japanese naval authorities on the spot exercised the utmost self-restraint, while protecting Japanese life and property, so as to prevent the outbreak of untoward incidents. The Chinese authorities, however, feverishly pushed war preparations in accordance with their fixed plan. In the Shanghai area, they defied the truce agreement and moved regular troops into the demilitarized zone, where they started the construction of defence works. They

threatened to overpower the Japanese with their military force, which was numerically far superior to the Japanese force. The wanton murder of Japanese naval Lieutenant Takeo Oyama and Warrant Officer Saito, on August 9, started the Shanghai incident. On August 13, the Chinese forces opened fire on the Japanese landing party, which was compelled to respond and to chastise the Chinese armies.

Lesson of the Shanghai Campaign

At the outset more than 100,000 Chinese troops had surrounded the International Settlement of Shanghai. The Japanese landing party was only 3,000 strong, though the Third Fleet was concentrated at Shanghai. The overwhelming odds against which the Japanese fought, complicated by delicate international aspects, placed the Japanese at a heavy strategic disadvantage. Indiscriminate aerial bombardments resorted to by the Chinese on and after August 14 intensified the seriousness of the situation. But the Japanese fought valiantly.

During the 10 days that passed before the vanguard of the Japanese military forces effected a successful landing in the Woosung sector, the Japanese landing party, less than one-fortieth the size of the enemy forces, bore the entire brunt of the Chinese attacks. Even when a large body of Japanese troops was deployed steadily south of the Yangtze estuary, the landing party, as the extreme left wing of the Japanese line, stubbornly defended the International Settlement against the Chinese assaults. Covered by the fleet and the naval air force, it succeeded in driving the Chinese forces back from the Shanghai area in conjunction with the military forces late in October, thus preparing the ground for the drive on Nanking.

During the entire campaign, the Commander of the Japanese landing party refrained from requesting reinforcements, placing full confidence in his men. Thus, the Shanghai Campaign resulted in an impressive victory for the Japanese, thanks to their high morale and the full utilization of modern weapons.

Development of the Naval and Military Operations

Indiscriminate bombings launched by the Chinese air force at the beginning of the Shanghai Campaign roused the Japanese naval air force to action. Transoceanic operations resolutely carried out by the Japanese naval air force proved so successful that not only was the the furious Chinese onslaught against the International Settlement checked, but the naval fliers had nearly liquidated the Chinese air force by the end of September.

The action of the Imperial Navy since has been marked by close co-operation and coordination with the Army in driving the Chinese forces into the interior. Landing parties have been active in various seaports of China; a naval unit has successfully pushed up the Yangtze River, and the naval forces have kept up their attacks on almost all important towns in central and South China. At sea, the Japanese fleet not only destroyed the Chinese navy, but suspended Chinese commercial shipping along the entire coast. The steady development of the military situation has called for

large-scale joint operations between the Army and Navy in various parts of China, including Hangchow Bay, Bias Bay, Hainan Island, and Swatow, where both fighting services have achieved brilliant successes.

Special mention must be made of the Combined Fleet of the Imperial Navy, which not only has firmly secured the command of seas in the Western Pacific, but has succeeded in precluding any possibility of undue pressure or intervention on the part of third Powers, particularly Great Britain, the United States and the Soviet Union. In this connection, it must be remembered that securing the command of the Western Pacific provides a key to the successful construction of a new China, while at the same time, the Imperial Navy bears further grave responsibilities in view of the heavy naval building programmes now being pushed by Great Britain, the United States, the Soviet Union, France and other Powers.

In observing the second anniversary of the outbreak of the Shanghai Campaign tribute must be paid to the war dead as well as to the sick and wounded who fought so valiantly for the national cause. While wishing their families health and prosperity, we call upon the nation to redouble its endeavours for the achievement of the ultimate purpose of the present Affair, the construction of a New Order in East Asia.

ORDINANCES RECENTLY PROMULGATED

SECRETARIATE OF THE CABINET

Ordinance Governing the Organization of the Capital Financing Commission

(Imperial Ordinance No. 291 of May 2, 1939)

Article 12 of the Ordinance Regulating Corporation Dividends and Capital Financing provides that when the Minister of Finance Orders the Japan Industrial Bank to provide capital or to subscribe to, underwrite, or purchase negotiable securities in making funds available for the expansion of national productive capacity and similar purposes, he shall act on recommendations of the Capital Financing Commission, which is created under provisions of the Ordinance. Placed under the supervision of the Minister of Finance, the said commission is charged with inquiring into and deliberating upon relevant matters. It consists of 10 members, with the Vice-Minister of Finance as its president. Members include senior officials of the Government offices concerned, various financial experts, as well as the vice-governor of the Bank of Japan and the president and vice-president of the Japan Industrial Bank.

Ordinance Concerning Establishments Connected with National General Mobilization

(Imperial Ordinance No. 427 of July 1, 1939)

This Ordinance provides for regulations regarding creation, enlargement or improvement of establishments within the purview of national general mobilization functions, as stipulated in Article 16 of the National General Mobilization Law.

Ordinance Concerning the Definition of Incidents and Affairs Analogous to Wars in Accordance with Article 17, Clause 2, of the Post Office Annuity Law

(Imperial Ordinance No. 435 of July 3, 1939)

This Ordinance defines the Manchurian Incident and the China Affair as an incident and an affair, respectively, analogous to a war.

**Ordinance Governing the Organization of
the China Affairs Council**

(Imperial Ordinance No. 438 of July 5, 1939)

This Ordinance provides for the establishment of the China Affairs Council, an advisory organ to assist the President of the China Affairs Board, under the supervision of the Prime Minister. The Council is composed of a President and not more than 50 members.

**Ordinance Designating Occupations Concerned with
National General Mobilization**

(Imperial Ordinance No. 443 of July 5, 1939)

This Ordinance designates civil engineering and the building trade especially necessary for military purposes as occupations coming within the purview of the National General Mobilization Law.

NOTICE

The attention of subscribers is directed to a change in the order of page numbers in TOKYO GAZETTE, starting with the current issue. As this publication now is appearing in volume form, with 12 issues comprising a volume, the continuity of pages henceforth will be unbroken for periods of one year. The first page of this issue, therefore, is number 89, instead of number 1. This system has been instituted with the hope that it will facilitate reference for readers who keep files of back issues.

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